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The United States Intelligence Board has approved the establishment of a National Intelligence Bulletin that will replace the Central Intelligence Bulletin. The first issue of the new publication will appear on May 29, 1974. The National Intelligence Bulletin will be produced by the Director of Central Intelligence in collaboration with member agencies of the United States Intelligence Board. Insofar as possible, the National Intelligence Bulletin, like the CIB, will present fully coordinated information and judgments, but it will provide a greater opportunity for the participating agencies to express differing or dissenting views. The National Intelligence Bulletin will be addressed to all those who have received the CIB.

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GREECE-TURKEY: Greece is sending military reinforcements to several islands in the eastern Aegean as its dispute with Turkey over oil exploration rights in the Aegean Sea continues to simmer. This move follows earlier reports of reinforcement of its forces along the border with Turkey in Thrace. These military moves have been accompanied by statements by Greek leaders that Athens will not initiate hostilities, but will as a last resort fight for its rights to sovereignty in the area.

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[REDACTED] an effort is being made to complete work on all naval ships undergoing overhaul by mid-June. Torpedo ships reportedly are being loaded, and missile boats are being exercised frequently to ensure a high state of readiness. Although no alert has been issued, the Hellenic navy is apparently increasing its readiness in anticipation of a possible confrontation with Turkey.

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Although the Greeks appear to believe that delegates to the conference will lend support to their position and thus force the Turks

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to back off, they clearly are preparing contingency plans for the Aegean area should Ankara infringe on what Greece considers its vital interests.

Until now Turkey has played the dispute in a lower key and has asked Athens to discuss the issue. Nonetheless, both the foreign and defense ministers this week restated in general terms Ankara's intention to safeguard its rights in the area. A Turkish paper has reported that Ankara's naval forces are expected to assume responsibility for security in the area from the gendarme command.

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USSR: Moscow seems to be sending the Chinese another message that it will get tough unless Peking releases the Soviet helicopter crew.

Mikhail Kapitsa, the foreign ministry's leading China expert, told the US ambassador that the Chinese were parading the helicopter crew through Chinese towns and might give them a public trial. There is no evidence that the crew is being badly treated, and Kapitsa offered no supporting evidence. Kapitsa implied that the Soviets might attempt to get Chinese hostages by referring to the possibility that the Soviets might find a Chinese helicopter that strayed into Soviet territory. This is the first time the Soviets have threatened to take specific action against the Chinese

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Kapitsa's remarks seem to betray the Soviets' frustration about their inability to develop a strategy that will settle the helicopter incident in a way that will save face without creating a major Sino-Soviet incident.

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Kapitsa's remarks stand in sharp contrast with the restrained and almost conciliatory line taken by a long Izvestia article on Sino-Soviet relations on May 16.

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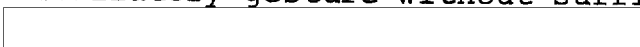
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It is possible that the Soviets will do something rash as a result of their sense of frustration. It seems more likely, however, that Moscow realizes that any direct action against the Chinese would probably make it less likely that Peking would turn over the Soviet crew. Moreover, such overreaction would place the Soviets in the uncomfortable position of again violating Chinese sovereignty in what might be interpreted in the West and elsewhere as a retaliatory gesture without sufficient provocation.

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ISRAEL-SYRIA: Fighting flared on the Golan front yesterday, as both Israeli and Syrian aircraft were active over the battle area.

Tel Aviv reported that its planes attacked Syrian targets south of the Israeli-held salient into Syria. Damascus stated that its aircraft struck Israeli concentrations in the central sector of the front.

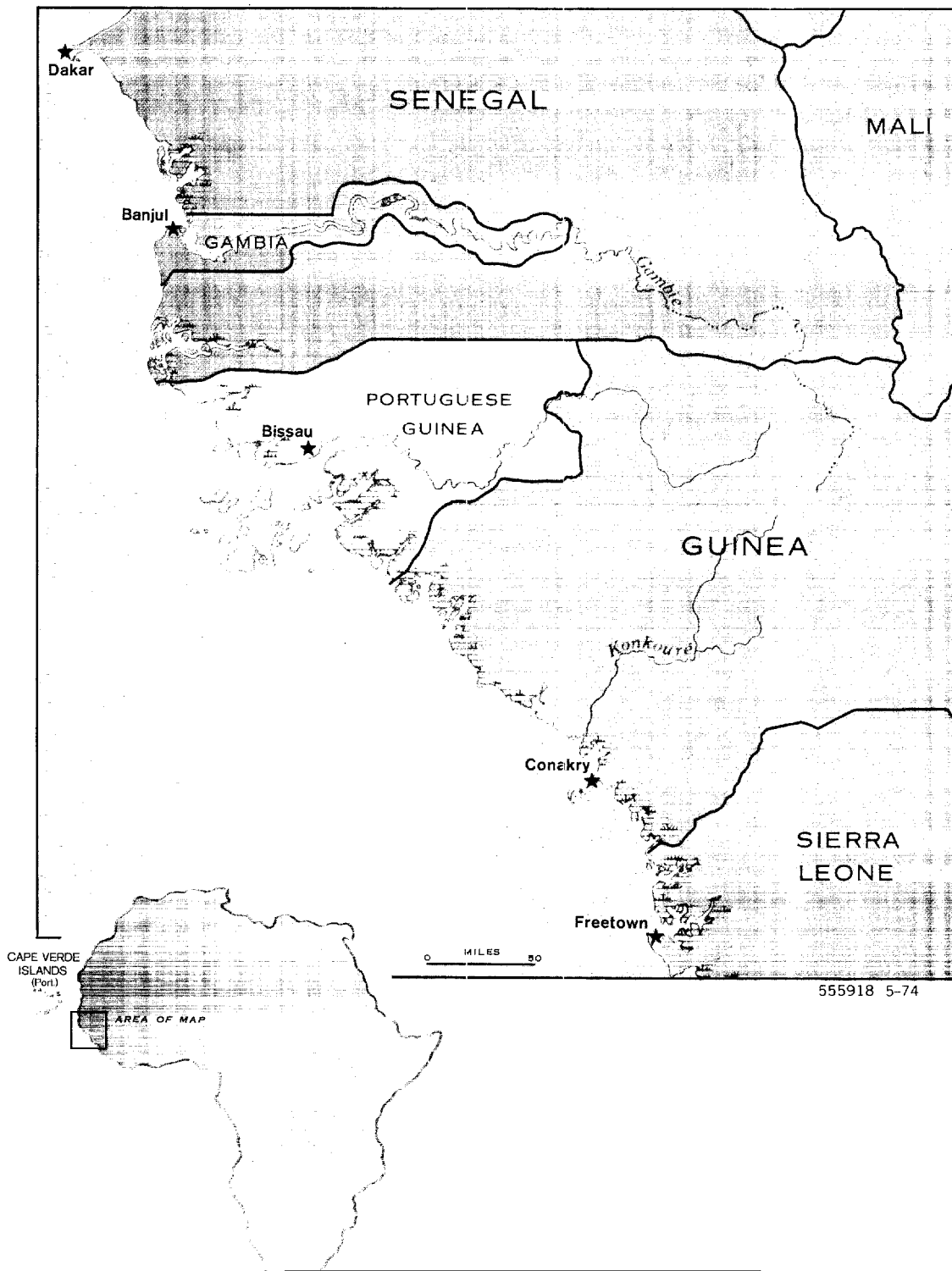
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Ground fighting on the front also picked up from the low level of the past week. Israeli and Syrian forces exchanged tank, artillery, and mortar fire in several sectors of the front, including the area near Mount Hermon.

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PORTUGUESE GUINEA: Talks are scheduled to begin in London today between representatives of the new provisional government in Lisbon and leaders of the insurgent movement in Portuguese Guinea. Although billed as cease-fire negotiations, the talks will almost certainly focus on working out a political settlement that will lead to Lisbon's formal acceptance of the territory's independence under rebel control.

Portuguese Foreign Minister Soares arranged the talks during preliminary contacts he had with rebel leaders in Dakar, Senegal, last week. Soares will head the Portuguese delegation in London, and Aristides Pereira, the top rebel leader, will speak for his side. Pereira does not have a post in the "government" of the "republic of Guinea-Bissau" that the rebels announced last year, but he is the secretary general of their political organization, the African Party for the Independence of Guinea and the Cape Verde Islands.

Soares has stated publicly that the talks will aim at "agreeing on the process leading to self-determination and independence." Lisbon probably will insist, however, that the modalities of any transfer of control to the rebels be carried out in accord with its promise to hold referenda in the African territories.

Portuguese officials appear confident that the talks will result in an early cease-fire. General Costa Gomes, the number-two man in the junta, told a US embassy officer this week that both sides are tired of the war and anxious to end it.

Although the rebel movement has also claimed to represent the Cape Verde Islands, Portuguese officials, who consider the islands of strategic importance to Lisbon's international responsibilities, are taking encouragement from Pereira's failure to discuss the islands when he met with Soares in Dakar. The rebels have played down their ties with the Cape Verdes since they proclaimed their government last fall, and now refer to themselves solely in terms of that government. [REDACTED]

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PORTUGAL: A fragile spirit of compromise continues to prevail within Portugal's fledgling political structure.

The complaints from the left over the exile to Brazil of ex-leaders president Thomaz and premier Caetano have been defused somewhat by the imprisonment of the former defense minister and head of the security service. They presumably will be prosecuted for the alleged injustices perpetrated by the former regime. The trials will probably be held quickly to reduce the possibility that they might become a rallying point for the far right. Military rather than civilian courts will try the cases, which will not only help diminish the atmosphere of vengeance but remind the populace that the military is the ultimate authority in Portugal.

The provisional government has also stressed patience and moderation in its handling of labor disputes. Without shedding its image as the champion of the workers, the Portuguese Communist Party (PCP) is also signaling its preference for orderly change. In a recent interview, party leader Cunhal said the workers had the right to protest, but warned them about those who want to end the democratic process in Portugal. In this context, he labeled the far left a "fundamental enemy of the PCP," which could open the door to counterrevolution.

Minister of Economic Coordination Vierra de Almeida, formerly a respected banker who is generally considered a centrist, recently told a group of industrialists that Portuguese workers have acted with admirable restraint in view of their many years of suppression. He assured them that the provisional government would maintain a favorable climate for business but added that management would have to concede to legitimate labor demands.

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The rash of strikes throughout Portugal will keep the business community nervous, however, particularly because the community is aware that Communists have assumed key posts in the leadership of the unions. Yesterday, the Lisbon subway system was paralyzed by a new strike, but no violence has been reported in connection with any of the ongoing labor disputes.

The provisional government has promised to issue a decree soon that will establish a framework for solving disputes before they reach the strike stage. Meanwhile, the appointment yesterday of Francisco Sa Carneiro as deputy prime minister is another sign that the complexion of the cabinet is leaning slightly to the right of center. Sa Carneiro, who comes from a prominent Portuguese family, is a former member of the National Assembly and is currently active in the formation of the Centrist Popular Democratic Party. [REDACTED]

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ISRAEL: Tel Aviv has reimposed a compulsory deposit on some imports in an attempt to dampen inflation. While its impact on the balance of payments will probably not be significant, Tel Aviv will try to gain popular support by citing the measure as further evidence of its efforts to fight Israel's high and persistent inflation.

Similar in design to measures enacted by Italy and Denmark earlier this month, the move requires importers to deposit in non-interest bearing accounts at the central bank for one year 20 percent of the value of imported goods that carry a duty of more than 10 percent. The availability of foreign exchange is not an immediate problem in Israel as it was in Italy; the major benefit from this measure will be in helping to reduce excess purchasing power.

The import deposit scheme is aimed particularly at luxury and consumer goods. Most consumer goods imports already are heavily taxed; an imported VW, for example, currently costs about \$7,500 in Israel. The bulk of Israeli imports--raw and intermediate goods for re-export, petroleum, investment goods, and military items--will not be affected. Food imports will be exempt from the deposit charge.

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AUSTRALIA: The prospect of a razor-thin parliamentary majority is already cramping the style of the Labor government. Prime Minister Whitlam confided to the US ambassador on May 23 that a European trip he planned for mid-June is up in the air because of the continuing uncertainty of the May 18 election results. Although eager to make the trip, Whitlam is loath to stir up the criticism that would arise if he were away from Canberra at a critical time for his government.

It still appears that Labor will have a narrow majority in the House of Representatives, but that margin will not be known until May 30, after absentee ballots are counted. A majority of one or three seats in the 127-man body would make Labor's hold very tenuous. Even a five-seat margin, the best that most party officials now expect, would be a drop from the eight-seat edge Labor held in the previous lower house. Labor's prospects of a strong parliamentary base are further dimmed by the unlikelihood that it will capture the Senate. The tally of votes for the Senate will not be completed until next month.

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ARGENTINA: A successful anti-guerrilla sweep by government security forces in Tucuman Province that began on May 18 has given the Peron government its first significant victory in its counterterrorist offensive.

The large-scale operation, spearheaded by the federal police, reportedly uncovered a major training camp used by the Marxist People's Revolutionary Army.

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The participation of armed forces units, as well as provincial and border police, suggests that Peron's pressure to mount a coordinated drive is netting results. While a larger role for the military could improve the government's chances of neutralizing the terrorists, the struggle is expected to be a long one.

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[REDACTED] Peron is expected to approve plans by militant labor unionists to move against left-wing extremists. [REDACTED] preparations are under way to identify leftist "targets" and that actions against them would be "bloody." Implementation of these plans may coincide with Peron's planned departure for Europe. His absence would permit him to avoid close identification with repressive measures that are likely to evoke strong opposition in Argentina. [REDACTED]

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SOUTH VIETNAM: The Situation in Military Region 4

The 16 southernmost provinces of South Vietnam that make up Military Region 4 include the heavily populated, agriculturally rich flood plains of the Mekong Delta. The Delta contains 7 million people--more than a third of the nation's population--and produces 75 percent of its rice and a good deal of its livestock, vegetables, and fruit.

Because of the political and economic importance of the Delta, both sides have fought hard to control it, and it has experienced relatively little diminution in the war since the cease-fire in January 1973.

In 1973, for example, 8,388 government troops were killed in the area and 38,294 were wounded. Communist losses were correspondingly high. The same pattern of high casualties has continued during the first four months of 1974.

The communists rarely have been able to utilize large main force units in the Delta's open and watery terrain. For this reason, the fighting in Military Region 4 is characterized by a high level of terrorism, relatively small-scale attacks, and ambushes.

A Shift in Initiative

Immediately after the cease-fire, government forces were kept busy countering a substantial communist land-grabbing effort. They were successful, and by mid-year, the initiative began to shift slowly in the government's favor.

Military Region 4 commander Lieutenant General Nguyen Vinh Nghi abandoned a strategy pegged to a chain of heavily defended outposts in favor of an aggressive and mobile approach which more effectively utilized the firepower of his forces--three divisions, plus supporting air, armor, and artillery. Nghi also began to use many of his regional force troops in a combat role, relying on militia to provide security for cities and towns.

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As a result, there has been a significant erosion of the communist position in some of their old Delta strongholds, which have been used as supply and infiltration routes from Cambodia. General Nghi's forces have virtually eliminated the long-time sanctuary in the Seven Mountains area astride the Cambodian border, and more recently mounted large-scale operations into a major communist base--known as Base Area 470 or the Tri Phap Village area--in western Dinh Tuong Province and southern Kien Phong Province.

There are still a number of communist strongholds in the Delta, including the U Minh Forest, and large areas in the southernmost provinces, particularly along the coast, which the government has virtually ceased to contest.

The government's tactics have gradually forced the communists into a more defensive posture. They had started out in the cease-fire period using combat forces to protect and enlarge their control of certain populated areas. Since autumn 1973, the focus has shifted to the protection of threatened base areas and supply and infiltration corridors.

Communist main force operations are now centered in large part in Dinh Tuong Province. Here, the aim is not so much to hold territory as to inflict casualties, create a climate of insecurity, and also keep infiltration routes open.

The Balance of Forces

The government has some 97,000 men in the region. They are arranged in three infantry divisions and one armored brigade, with supporting artillery and a large number of regional force battalions. This total gives Saigon better than a four-to-one advantage over the communists--nearly double that of any other military region in the country. These forces are supported effectively with close air support in most areas, and by naval units and marine police who maintain security along the hundreds of miles of rivers, streams, canals, and coast.

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Government military officials are concerned, however, about the morale and combat capability of their regional forces, particularly in the southern provinces. In addition, the South Vietnamese 21st Division, said to be the poorest in the army, has done little to improve the military situation in the southern Delta.

Major communist main force combat units in the Delta number some 22,000 men in 12 infantry and two artillery regiments and numerous local units. Communist units in the region are understrength and more than 10,000 would be needed to rebuild these forces to early 1972 levels.

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The commitment of regular North Vietnamese units in the Delta has historically been small, compared to other areas of the country, and is likely to remain so.

There has been little significant improvement in communist firepower since 1972. As elsewhere, they are trying to improve their antiaircraft capability, but the development of an effective air defense system will be relatively difficult in the open terrain of the Delta.

What's Ahead

Although the balance in the region weighs heavily in favor of the government, numerical superiority does not necessarily give a decisive edge in combat. By its nature, the war in the Delta concedes a certain advantage to communist guerrilla tactics and will continue to tie down a relatively large number of government troops. Unless North Vietnamese infiltration of men and supplies into the Delta is substantially increased, the government should continue to improve its position as the communists concentrate on protecting their base areas and supply lines.

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